

Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 PM-03 INR-05

CIAE-00 DODE-00 IO-03 PRS-01 SAJ-01 SAM-01 L-01 OMB-01

EUR-08 NEA-07 EA-06 ARA-06 AF-04 /070 W

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R 231511Z MAY 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 1260

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

CONFIDENTIAL ROME 7580

LIMDIS

CORRECTED COPY - MRN CORRECTION -7580 VICE 6580

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E.O. 11652: GDS

TAGS: ENRG, IT

SUBJECT: PRELIMINARY GOI REACTION TO SECRETARY'S MAY 13

SPEECH ON ENERGY AND RAW MATERIALS

REF: A. STATE 110686

B. ROME 7101

1. SUMMARY: PRELIMINARY BUT OFFICIAL REACTION TO SECRETARY'S SPEECH HAS FOLLOWING ELEMENTS: WITHIN FRAMEWORK OF GOI CONCERNS AS POORER DC, ITALIANS WELCOM POSSIBILITY MOVING TO ANOTHER P/C MEETING, EXPECT THAT SPEECH MAY NOT SUFFICE TO DO SO, SUPPORT IDEA OF DECLARATION AT OECD MINISTERIAL, AND SUGGEST THAT IT MAY BE NECESSARY TO MOVE FURTHER TOWARD PRODUCER-LDC VIEWS ON LINKING RAW MATERIALS AND FOOD STUFFS TO DISCUSSIONS ON OIL.

2. FRANCISI, COORDINATOR FOR EUROPEAN AFFAIRS, ECONOMIC

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DIRECTORATE, MFA, HAS GIVEN ECON-COMM MINISTER COPY OF MFA

TELEGRAPHIC INSTRUCTIONS OF MAY 21 TO AMB. ORTONA PROVIDING HIM WITH PRELIMINARY GOI REACTION AND ASKING HIM TO MAKE POINTS DESCRIBED BELOW. WE DO NOT KNOW IF ORTONA IS AWARE THAT WE HAVE HIS INSTRUCTIONS AND URGE ALL END-USERS TO USE DISCRETION TO AVOID EMBARRASSING EITHER FRANCISCI OR AMB. ORTONA.

2. DOCUMENT IS RESULT OF SERIES OF INTRA-MFA DELIBERATIONS CHAIRED BY DG ECON AFFAIRS GUAZZARONI.

3. BEGIN SUMMARY: POINTS REFLECT INITIAL THINKING OF GOI WHOSE POSITION AS REGARDS SECRETARY'S SPEECH WILL BE DETERMINED IN EC CONTEXT. US AUTHORITIES SHOULD BE REMINDED THAT COSTS AND BENEFITS OF ANY NEW ARRANGEMENTS SHOULD BE EQUITABLY SHARED, I.E., BETWEEN RICH INDUSTRIALIZED COUNTRIES AND THOSE SUCH AS ITALY WHICH WILL HAVE GREAT SHORT AND MEDIUM TERM DIFFICULTY IN MEETING THE CHANGES FORESEEN. SPECIFICALLY,

(A) THE GOI WELCOMES THE SECRETARY'S SPEECH IN VIEW OF ITS OWN EFFORTS WITHIN THE EC AND ELSEWHERE TO ARRANGE ANOTHER P/C MEETING.

(B) APPEARS THAT SECRETARY'S PROPOSALS ARE INADEQUATE TO OVERCOME PROBLEMS OF PARIS PREPCON BECAUSE THEY NEITHER EXPLICITLY CONCEDE EQUALITY OF RAW MATERIALS WITH OIL NOR SHOW ANY FLEXIBILITY ON INDEXATION.

(C) A DECLARATION OF A POLITICAL NATURE AT THE OECD MINISTERIAL MAY 28-29 ON THE SUBJECT OF NEW AND MORE EQUAL RELATIONS SHOULD BE MADE. IT IS NOT LIKELY THAT DECLARATION IN ITSELF WILL UNBLOCK THE IMPASSE BETWEEN DC'S AND LDC'S.

(D) IN FACT THE DECLARATION IS NOT CONSIDERED SUFFICIENT BY THE PREPCOM OIL PRODUCERS AND LDC'S, THE POSSIBILITY OF RECONSIDERING THE WHOLE PROBLEM SHOULD NOT BE EXCLUDED. SPECIFICALLY, THOUGHT SHOULD BE GIVEN IN THE LIGHT OF THE EVOLUTION OF AMERICAN VIEWS TO MOVING TOWARD THE PROPOSALS MADE BY THE PRODUCERS AND LDC'S LATE IN THE PREPCON, THUS INCLUDING IN SOME FASHION IN THE NEXT P/C MEETING DISCUSSION OF QTE THE PROBLEMS OF RAW MATERIALS AND FOOD STUFFS UNQTE. END SUMMARY.

4. COMMENT: GOI VIEWS ARE HIGHLY ARTICULATED AS FAR AS THEY GO BUT DO NOT ADDRESS QUESTION OF FORA FOR DISCUSSION (PARA 3 REF A). WE WILL SEEK EXPLORE THAT AREA. VOLPE
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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RAW MATERIALS, ENERGY, GOVERNMENT REACTIONS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 23 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ROME07580
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750185-0450
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750523/aaaaaucq.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 110686
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2003 by BoyleJA>; APPROVED <22 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRELIMINARY GOI REACTION TO SECRETARY'S MAY 13 SPEECH ON ENERGY AND RAW MATERIALS
TAGS: ENRG, IT, (KISSINGER, HENRY A)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006